

Message Text

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PAGE 01 STATE 028041
ORIGIN COME-00

INFO OCT-01 EUR-12 ISO-00 EB-08 /021 R

DRAFTED BY COM/BED/OIM/KNICHOLS, CS/LFM
APPROVED BY EB/OCA/CM/SPHARRIS
COM/BED/OIM/HHLINDSTROM, CMM
STATE/EUR/WE/AHUGHES (INSUBSTANCE)
COM/BED/OIM/CJBARRETT
STATE/EUR/WE/RLAMANTIA
STATE/EB/OCA/
COM/BED/OIM/CGENDREAU

-----010381 030438Z /14

R 021731Z PEB 78
FM SECSTATE WASHDC
TO AMEMBASSY MADRID
INFO AMCONSUL BARCELONA
AMCONSUL BILBAO
AMCONSUL SEVILLE

UNCLAS STATE 028041

E.O. 11652: N/A

TAGS: BEXP, SP

SUBJECT: COUNTRY COMMERCIAL PROGRAM FOR SPAIN FY-1979

REF: (A) 77 MADRID 2240; (B) 77 STATE 44899; (C) 78
STATE 118

1. THE FOLLOWING ADDRESSES THE PRELIMINARY FY-1979 CCP
CONVEYED BY REFTEL (A) IN RESPONSE TO STATE 44899. OIM'S
VIEWS ARE PROVIDED AS REINFORCEMENT TO POSTS IN THE FORMU-
LATION OF THEIR DRAFT CONTRIBUTIONS FOR FY-1979 PURSUANT TO
REFTEL (C).

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2. CURRENT ASSESSMENTS OF SPAIN'S ECONOMIC SITUATION IN-
DICATES A MIXED OUTLOOK AS MEASURED BY IMPROVED BALANCE OF
PAYMENTS POSITION (WITH A SHARP INCREASE IN FOREIGN EX-
CHANGE RESERVES, EXPORT GROWTH AND TOURIST RECEIPTS) AND A
LEVELLING OFF OF INFLATION. ON THE NEGATIVE SIDE, GROWING
UNEMPLOYMENT AND DEPRESSED INDUSTRIAL PRODUCTIVITY DAMPEN

ECONOMIC RECOVERY PROSPECTS. THE WEAK PERFORMANCE OF SUCH MAJOR SECTORS AS SHIPBUILDING, IRON AND STEEL AND MOTOR VEHICLES HAS CONTRIBUTED TO A SIGNIFICANT REDUCTION IN DEMAND FOR U.S. CAPITAL EQUIPMENT AND MACHINERY.

3. WHILE THE RATE OF IMPORT GROWTH HAS BEEN REDUCED, IMPORTS IN 1977 PROBABLY WERE ABOVE THE 17.3 BILLION DOLLARS IN 1976. THE U.S. SHARE OF THIS SUBSTANTIAL MARKET FELL TO 12 PERCENT OF THE TOTAL IN THE FIRST ELEVEN MONTHS OF 1977 AS COMPARED WITH 14 PERCENT IN 1976. U.S. CENSUS FIGURES SHOW THAT U.S. EXPORTS TO SPAIN IN JANUARY-NOVEMBER 1977 AMOUNTING TO 1.68 BILLION DOLLARS WERE 8.6 PERCENT BELOW THEIR LEVEL IN THE SAME PERIOD OF 1976. SPANISH TRADE STATISTICS BY PRODUCT CATEGORY FOR THE FIRST HALF OF 1977 INDICATE A SHARP DECLINE IN IMPORTS OF U.S. AIRCRAFT AND PARTS, IRON AND STEEL SCRAP, ENGINES AND MOTORS, AND CONSTRUCTION EQUIPMENT.

4. AN OVERALL CCP OBJECTIVE IS TO MAINTAIN THE U.S. POSITION AS SPAIN'S LEADING SUPPLIER. AS NOTED IN MADRID 6146 AUG. 18, 1977 AND STATE 264U33, NOV. 3, 1977, THE COMMERCE FUNDED PROMOTIONAL PROGRAM FOR SPAIN FOR FY 1979 IS NOT AS EXTENSIVE AS DESIRED DUE TO RESOURCE LIMITATIONS. THEREFORE, IT BECOMES ALL THE MORE IMPORTANT THAT THE PROMOTION OF SPANISH ATTENDANCE AT U.S. EXHIBITIONS IN EUROPE WITH THEMES OF SPECIAL INTEREST TO THE SPANISH MARKET AS WELL AS AT TRADE SHOWS IN THE U.S. SHOULD BE UNCLASSIFIED

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GIVEN FULL CONSIDERATION INCLUDING THE ORGANIZATION OF GROUP TRAVEL. IN ADDITION, THE POSTS ARE URGED TO INCORPORATE IN THEIR PLANNING WHATEVER PROMOTIONAL ACTIVITIES THEY CAN MUSTER WITH LOCAL RESOURCES. AN EXAMPLE WOULD BE A MINI EXHIBITION ON A SUITABLE THEME POSSIBLY WITH SEMINAR HELD IN A HOTEL UNDER THE AUSPICES OF THE EMBASSY AND THE AMERICAN CHAMBER OF COMMERCE IN SPAIN AND FINANCED BY THE AGENTS AND BRANCHES OF THE AMERICAN COMPANIES PARTICIPATING IN SAME. IF THE EVENT INCORPORATED A SEMINAR, MODEST CHARGES FOR THE SESSIONS AND AUXILIARY FUNCTIONS SUCH AS LUNCHEONS AND RECEPTIONS COULD ALSO BE CONTRIBUTED BY THE ATTENDEES.

5. IF POST RECOMMENDS HEALTH CARE EQUIPMENT AS CAMPAIGN IN FY-79 CCP, SUPPORTING ACTIVITIES SHOULD INCLUDE A CATALOG EXHIBIT AT HOSPITALEX IN MAY 1979 ALTHOUGH THIS EVENT NOT FINALIZED (77 MADRID 9059). DURING SAME MONTH, OIM CURRENTLY PLANNING TO HOLD CATALOG EXHIBIT AT MEDICA 79 IN UTRECHT, NETHERLANDS. UNFORTUNATELY, EXACT DATES FOR BOTH HOSPITALEX AND MEDICA STILL NOT AVAILABLE AND THEREFORE PLANS CANNOT BE COMPLETED AS SAME INDUSTRY

SPECIALIST WOULD ATTEND BOTH EVENTS. IN EVENT THAT CATALOG SHOW CANNOT BE SCHEDULED, CCP COULD 3E REVISED LATER TO PROVIDE FOR POST SPONSORED EVENT OF TYPE SUGGESTED PARAGRAPH 4.

6. UNDOUBTEDLY POST DRAFT WILL REFLECT THE LATEST DEVELOPMENTS IN THE POWER PROGRAM WHICH WE UNDERSTAND WILL INCLUDE INCREASED FOSSIL FUEL POWER GENERATION AND POSSIBLY A HIATUS IN THE NUCLEAR PROGRAM. OIM FEELS THAT THE SCHEDULED MINING EQUIPMENT TRADE MISSION SHOULD 3E GIVEN VERY STRONG EMPHASIS IN THE CCP AND ELEVATED TO A MAJOR PROMOTIONAL ACTIVITY IN EVERY RESPECT. MAJOR PROJECT ALERTS BOTH IN THE POWER AND MINING SECTORS SHOULD ALSO BE GIVEN CLOSE ATTENTION. VANCE

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